

The Treasury and Office of the Minister of Finance

Budget 2019 Information Release August 2019

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Draft MCR Package For Budget 2019

Purpose of this discussion

- This is an **opportunity to consider and provide feedback on a draft package of initiatives for Budget 2019** in MCR-related priorities and portfolios. Similar discussions will be held in SWC and DEV on packages in those areas.
- We face significant fiscal constraints. While the Treasury is still to complete its latest forecasts, it's clear there will be more high-quality initiatives in Budget 2019 than is possible to fund. To ensure we deliver a Wellbeing Budget that meets our public commitments and ambition while adhering to our fiscal strategy, **it is crucial we keep a clear focus on the priorities we agreed for this Budget and work collaboratively to shape a package accordingly.**
- This discussion is the first in an iterative process through March and April involving Cabinet Committees, bilateral meetings, and Budget Ministers. **I will incorporate your feedback from this discussion into the package I take to Budget Ministers** on 11 March 2019.

Questions for Discussion

- Does the draft package best achieve our objectives for lifting Māori and Pacific incomes, skills and opportunities?
- Does the draft package have the right balance of initiatives that focus on Māori and Pacific communities?
- Do you agree with the Priority C Senior Officials Group categories and how the funding has been distributed across these categories?

Budget 2019 – Background Information

[33]

Our Priorities for Budget 2019

- Priority A:** Creating opportunities for productive businesses, regions, iwi and others to transition to a sustainable and low-emissions economy
- Priority B:** Supporting a thriving nation in the digital age through innovation, social and economic opportunities
- Priority C:** Lifting Māori and Pacific incomes, skills, and opportunities
- Priority D:** Reducing child poverty and improving child wellbeing, including addressing family violence
- Priority E:** Supporting mental wellbeing for all New Zealanders, with a special focus on under 24

Treasury's Living Standards Framework: Wellbeing Domains:

Civic engagement & governance		Engagement with governance and civics incl. trust and perceptions of fairness
Cultural identity		Sense of identity, belonging and ability to be oneself. Existence value of cultural taonga.
Environment		The natural and physical environment and how it impacts people today
Health		Mental and physical health
Housing		Quality, suitability and affordability of our homes.
Income and consumption		Disposable income from all sources, spending, and material possessions.
Jobs and earnings		Job quality, availability and stability (including remuneration), Positive work environment. Freedom from unemployment
Knowledge and skills		People's knowledge and skills
Safety		People's safety and security (real and perceived). freedom from fear and risk of harm.
Social connections		Having positive social contacts and support network
Subjective wellbeing		Overall life satisfaction and sense of meaning and self
Time-use		The quality and quantity of people's leisure and recreation time (that is, people's free time where they are not working or doing chores)

Glossary

Types of initiatives:

- *Priority-aligning:* an initiative that aligns to one of the five priorities listed above.
- *Non-discretionary cost pressure:* an initiative which responds to an increase in volume, price or personnel driven costs that an agency is facing to deliver an existing service. The 'non-discretionary' element refers to the fact that the Government must continue the service, for legislative or reputational reasons.
- *Out of scope:* initiatives not aligned to one of the five Budget priorities, and not non-discretionary cost pressures.

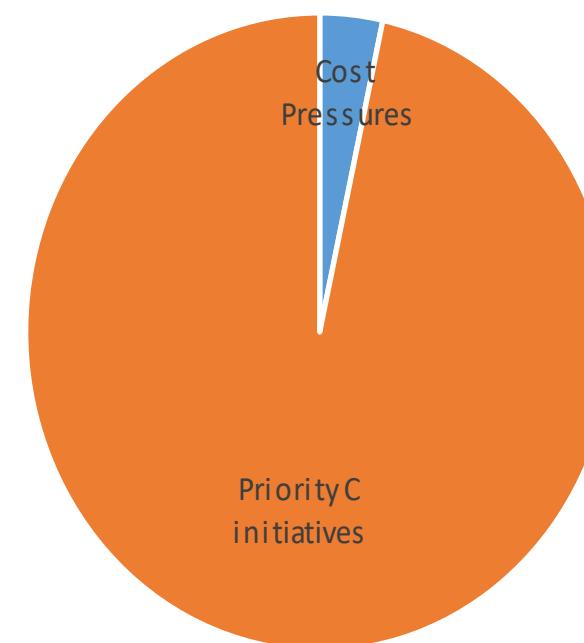
Living Standards Framework: a high-level framework on the intergenerational wellbeing of New Zealanders.

Wellbeing Domains: the dimensions of current wellbeing that people experience.

Timeframes over which impacts will be felt:

- *Short-term:* within the next 5 years.
- *Medium-term:* within 5 to 10 years.
- *Long-term:* more than 10 years in the future.

Fig 1 – Operating funding p.a. in MCR package by initiative type



Draft Package for Priority C: Lifting Māori and Pacific incomes, skills and opportunities

Three Focus Areas

A cross-government Senior Officials Group agreed to three focus areas:

1. *Stair casing Māori and Pacific into employment and higher earning occupations*
2. *Supporting whānau and community wellbeing*
3. *Improving services to Māori and Pacific*

The draft package **prioritises the first two focus areas** to support immediate impacts on the skills and incomes of Māori and Pacific communities and lay the foundations for future success.

Other initiatives that have a disproportionate impact on Māori and Pacific communities are **considered in Priorities D and E.**

Māori	Pacific	\$55m operating p.a.	Overview and Examples
[33]		[33] operating p.a. Education, Skills and Employment	Māori and Pacific Education package, along with initiatives focused on Māori and Pacific employment or high-growth industries
		[33] operating p.a. Economic Development	Focused on enhancing Pacific Economic development
		[33] operating p.a. Language, Culture and Identity	Initiatives to support Māori and Pacific languages, including the implementation of Maihi Karauna (Māori Language Strategy)
		[33] operating p.a. Improving Social Outcomes	[33] and aspects of the Hapaitia package
		[33] operating p.a. Improving services to Māori	[33]
		[33] operating p.a. Public Sector Capability	Meeting immediate Treaty Settlement cost pressures

Potential Package Focus Areas

Focus area 1: Ensures higher quality education, pathways to employment and business and economic growth opportunities.



Knowledge & Skills



Jobs & Earnings



Income and consumption

Impacts felt in the short-term and are ongoing

Focus area 2: Whānau and community services are culturally appropriate and preserve language, culture and identity.



Health



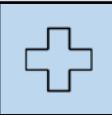
Housing



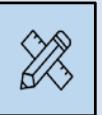
Cultural identify

Impacts felt in the medium and long-term

Focus area 3: Lifts Māori and Pacific peoples to deliver and improve services in their communities, whānau, and the wider public sector.



Health



Jobs & Earnings



Cultural identify

Impacts felt in the long-term

MCR INITIATIVES - PRIORITY C, NON-DISCRETIONARY COST PRESSURES, & OUT OF SCOPE

No.	Portfolio	Title	Agency Description of Submitted Initiative	Expected timeframes for impact	Wellbeing domains impacted (in order of impact)			Draft Package	
								Opex Avg.	CAPEX Total
10849	Education	Strengthening ^[33] Māori Educational Achievement	This initiative will test and evaluate implementation models for supporting equity for Māori learners through restarting the Te Kotahitanga initiative and strengthening the breadth and depth of provision of Māori language in education.	Medium-term	Knowledge and Skills	Cultural Identity	Subjective Wellbeing	^[33]	-
10851	Education	Improving and accelerating education outcomes for Pacific Learners	<p>This initiative will fund system-wide components to:</p> <ul style="list-style-type: none"> • Urgently address the inequity in Pacific learner achievement • Ensure the education system achieves excellence for all Pacific learners • Embed a coherent set of Pacific specific targets across key workstreams • Encourage the effective use of data and evidence regarding Pacific learning • Foster bilingual education. <p>This will support and accelerate Pacific children and young people to:</p> <ul style="list-style-type: none"> • Have the skills, knowledge, equitable opportunities and access to pursue any education pathway • Be part of an education system that accepts them as Pacific and not in spite of being Pacific. 	Medium-term	Knowledge and Skills	Cultural Identity	Social Connection	^[33]	-
11172	Employment	He Poutama Rangatahi/Pacific Employment Support Service	This initiative will reduce the rates of young Māori and Pacific peoples who are not in employment, education or training. More specifically, this initiative seeks funding to support the He Poutama Rangatahi and Pacific Employment Support Service programmes. He Poutama Rangatahi has been piloted in Te Taitokerau, Eastern Bay of Plenty, Gisborne/Tairāwhiti and Hawke's Bay and the Pacific Employment Support Service is being delivered in Auckland and Hamilton. This initiative seeks to extend the programmes beyond these areas to ensure young Māori and Pacific peoples are well supported across New Zealand. This initiative contributes to lifting Māori and Pacific incomes, skills and opportunities.	Short-term	Jobs and Earnings	Knowledge and Skills	Not Applicable	3.623 + PGF	-
^[33]									
^[33]									
10674	Maori Crown Relations: Te Arawhiti	Funding to support the Maori Crown Relations: Te Arawhiti portfolio and the operating model for Te Arawhiti	<p>This initiative seeks funding for:</p> <ul style="list-style-type: none"> • The on-going costs of the operating model of Te Arawhiti of which the Office of Treaty Settlements, Marine and Coastal Area Unit, the Settlement Commitments Unit and the Maori Crown Relations Unit will sit underneath; • The operational costs of the Maori Crown Relations Unit; and • Four specific projects that support responsibilities under the Maori Crown Relations: Te Arawhiti portfolio. 	Short-term	Civic Engagement and Governance	Cultural Identity	Social Connection	3.250	-
11050	Māori Development	Improving Māori Labour Market Resilience	This funding will support measurable improvements in Māori Labour market resilience and in the labour market profile of Māori. The initiative will work with employers in growth industries to attract, retain and develop Māori, and with whānau to increase their understanding of the future of work. ^[33]	Medium-term	Knowledge and Skills	Jobs and Earnings	Income and Consumption	1.500	-
11062	Māori Development	Te Whakarauoratanga o te reo Māori: Part A - Implementation of the Maihi Karauna and Te Whare o te Reo Mauri Ora	To achieve the ambitious goals of Te Ture mo Te Reo 2016 and the Crown's strategy (Maihi Karauna) to revitalise te reo me nga tikanga Māori. This initiative seeks funding to support Te Taura Whiri i te Reo Māori to lead the coordination of the implementation of the strategy across Government, expand the workforce of qualified Te Reo Māori translators, and supporting long-term campaigns to promote te reo Māori. Additional funding is sought for activities relating to the launch and implementation of the Maihi Karauna.	Short-term	Cultural Identity	Knowledge and Skills	Subjective Wellbeing	^[33]	-
11064	Māori Development	Te Whakarauoratanga o te reo Māori: Part B - Implementation of the Maihi Māori strategy and Te Whare o te reo Mauriora	Together with the Maihi Karauna strategy, the Maihi Māori strategy aims to achieve the ambitious goals of Te Ture mo Te Reo 2016. This initiative, part of the Te Whakarauoratanga package, seeks funding to support Te Matawai to implement the Maihi Māori strategy and strengthen its statutory roles in relation to the Maihi Karauna. It will also increase its participation in the development of a shared work programme, research agenda and shared monitoring and evaluation framework and other activities for Te Whare o te Reo Mauri Ora.	Short-term	Cultural Identity	Subjective Wellbeing	Knowledge and Skills	1.500	-

No.	Portfolio	Title	Agency Description of Submitted Initiative	Expected timeframes for impact	Wellbeing domains impacted (in order of impact)			Draft Package	
								Opex Avg.	CAPEX Total
11249	Māori Development	Ma te whānau e ora ai te marae - Supporting whānau-led development for marae	Ma te whānau e ora ai te marae will support whānau, hapu and iwi to revitalise marae as centres of Māori identity and matauranga, and respond to whānau and wider community need. This initiative will result in societal benefits and savings for the Crown while supporting collective impact opportunities. It will connect interests that impact marae (e.g.rural broadband connectivity) and activate other opportunities for collaboration. ^[33]	Medium-term	Cultural Identity	Social Connection	Subjective Wellbeing	3.750	-
11047	Māori Development	Modernising the Māori Wardens	This initiative seeks funding to support the modernisation of the Māori Wardens to meet contemporary community needs. This includes enabling informed decision-making on options and implications by the Wardens and New Zealand Māori Council, and developing capacity to meet current and future entity and community support needs. It will support the establishment of governance and management systems, transition of existing supports, and establishment of an Awards system.	Medium-term	Cultural Identity	Not Applicable	Not Applicable	0.417	-
11180	Pacific Peoples	Ensuring Pacific languages survive within New Zealand's Pacific communities	The initiative proposes to establish a new set of language support functions within the Ministry for Pacific Peoples. The functions are part of a wider proposal agreed by Cabinet (SWC 18 MIN-0160) to ensure Pacific languages survive. Pacific languages are in decline both in New Zealand and overseas. There is a general recognition that languages are important for people's cultural identity and that languages and culture are related to a person's sense of belonging and potential to participate with confidence in society.	Long-term	Cultural Identity	Social Connection	Knowledge and Skills	5.011	-
11186	Pacific Peoples	Enhance Pacific Economic Development	This initiative is to increase the capability and capacity of the Pacific Business Trust to: deliver a range of business-facing services to a larger cohort of Pacific businesses; provide support for industry and community economic development activities focused on growing Pacific business capability and jobs; and ensure there is a broad range of marketing and intelligence activities, including communications and promotion, research, and monitoring and evaluation to grow Pacific businesses.	Short-term	Jobs and Earnings	Knowledge and Skills	Cultural Identity	2.788	-
^[33]									
11372	Social Development	Expansion of community-based collective impact programme to improve social outcomes of families and whānau	This funding will support expanding a multi-agency programme based on the current Kainga whānau Ora pilot, which is a collective impact programme focused on families and whānau living in Housing New Zealand homes in Palmerston North. The programme builds self-reliance by supporting whānau towards achieving their goals and aspirations. It focuses on improving housing and other social outcomes such as supporting children, boosting skills and employment, reducing reliance on benefits, and improving the health of whānau.	Medium-term	Subjective Wellbeing	Knowledge and Skills	Jobs and Earnings	^[33]	-
10923	Social Development	Employment: Support sustainable employment through expanding Mana in Mahi (Strength in Work)	This funding will extend an existing programme that supports people, particularly 18-24 year olds, to achieve sustainable employment outcomes. It pays a wage subsidy to employers who hire someone in receipt of a main benefit and offer that person industry training qualification opportunities. The wage subsidy is equivalent to one year of the Jobseeker Support benefit. Wrap-around and in-work support will be provided for employers and participants. Estimates assume some benefit savings to offset total costs. ^[33]	Short-term	Jobs and Earnings	Knowledge and Skills	Not Applicable	TBC	-
10672	Treaty of Waitangi Negotiations	Treaty of Waitangi Settlement Negotiations: Relativity Mechanism Dispute Resolution	This funding will enable the Crown to participate in the resolution of disputes arising from the Relativity Mechanisms included in the historical Treaty settlements with Waikato-Tainui and Ngai Tahu.	Short-term	Civic Engagement and Governance	Not Applicable	Not Applicable	0.625	-
10673	Treaty of Waitangi Negotiations	Completing historical Treaty of Waitangi settlement negotiations with willing and able iwi groups	This initiative seeks funding for continued and additional operating funding for the Office of Treaty Settlements to give the Government its best opportunity to settle the historical Treaty of Waitangi claims of willing and able iwi groups as quickly and as fairly as it can	Short-term	Civic Engagement and Governance	Cultural Identity	Social Connection	1.000	-
11060	Whānau Ora	Expanding the coverage and impact of whānau Ora commissioning	Providing quality support for more whānau to work towards and achieve their aspirations, build resilience and lift their overall wellbeing. It has three components: 1. Expanding Commissioning Agencies' support for whānau 2. Further developing the capabilities of Navigators to provide targeted support to tamariki, and whānau aiming to improve their financial capability 3. Increasing Te Puni Kokiri departmental funding to administer the expanded whānau Ora operations, run regular evaluations, and develop data capabilities.	Long-term	Jobs and Earnings	Income and Consumption	Social Connection	^[33]	-

